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6 November 1945

MEMORANDUM FOR MAJOR GENERAL H. A. CRAIG, OPD
MAJOR GENERAL E. R. QUESADA, AAF
MAJOR GENERAL W. G. VYMAN, AGF
COLONEL J. M. ROAMER, ASF
BRIGADIER GENERAL JOHN MAGRUDER, SSU

SUBJECT: Committee to Study War Department Intelligence Activities.

1. Mr. Lovett has directed me to inform you that the preliminary report of the Committee, dated 3 November 1945, has been approved by the Secretary of War.

2. Mr. Lovett has also advised that a new Committee will be appointed to consider intelligence reorganization within the Army and War Department.

CARTER W. CLARKE
Brigadier General, GSC
Deputy Chief, MIS

OSD review(s) completed.

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3 November 1945

MEMORANDUM FOR THE SECRETARY OF WAR.

SUBJECT: Preliminary Report of Committee Appointed to Study War Department Intelligence Activities.

The undersigned special committee was appointed by order of the Secretary of War, dated 22 October 1945 (Tab A) to advise the Secretary of War on certain intelligence matters more fully set forth in said order, including the formulation of a plan for War Department activities in the field of foreign intelligence, the existing and proposed organization of G-2, A-2 and the Strategic Services Unit, now attached to the Office of the Assistant Secretary of War, and the future use or disposition that should be made of all intelligence activities within the War Department. The Committee was directed to make its report not later than 3 November 1945.

In the limited time available since its appointment the committee has made as intensive a study as practicable of the various subjects covered in the Secretary's order. It has held nine meetings of the full committee. By means of a special questionnaire it requested and secured written reports from the Assistant Chief of Staff, OPD, Assistant Chief of Staff, G-2, Assistant Chief of Air Staff-2, Assistant Chief of Staff, G-2, AGF, Director of Intelligence, ASF, Director, Strategic Services Unit and Director, Special Planning Division, War Department Special Staff. Copies of these reports are available for inspection. In addition, the committee took the formal testimony of Major General Clayton Bissell (Assistant Chief of Staff, G-2, War Department General Staff); Mr. William E. Jackson (formerly Assistant Military Attaché for Air in London and Chief of Secret Intelligence Branch of G-2, ETO); [redacted] (formerly Chief, Planning Group, OSS), [redacted] (formerly Chief, OSS, European Theater) and Lieutenant Commander Milton Katz (Deputy Chief SI Branch, SSU); Mr. Lowell Weicker and Mr. Kingman Douglas (Mr. Weicker served during the war as Acting A-2 of the Eighth Air Force and Director of Intelligence of USSTAF, and Mr. Douglas as AAF representative at the Air Ministry in London); [redacted] (Executive Officer of SSU); Colonel Gordon B. Rogers (formerly G-2, AGF); Lt General Stanley D. Embick (member of the Joint Strategic Survey Committee); and Mr. Alfred McCormack (Special Assistant to the Secretary of State for Intelligence, and formerly Director of Intelligence, MIS). In addition, all members of the Committee held numerous informal conversations with [redacted]

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individuals both within and without the War Department whose views were believed to be helpful on the subjects under consideration.

The committee invited the Director of Naval Intelligence and the Director of the Federal Bureau of Investigation to appear before it as witnesses and give the committee the benefit of their views and recommendations. Both of these individuals, however, declined to appear.

The committee has come to the conclusion that it is not desirable to attempt to cover in this preliminary report all of the subjects enumerated in the Memorandum of the Secretary of War (Tab A). With the approval of the Secretary of War it is therefore restricting the conclusions herein to the two most pressing problems that have been submitted, viz., the question of the establishment of a Central Intelligence Agency for the United States Government, and the future of the Strategic Services Unit now attached to the Office of the Assistant Secretary of War. It is intended to supplement this preliminary report at the earliest practicable date with a further report of the other subjects referred to by the Secretary.

GENERAL OBSERVATIONS

Prior to the outbreak of the war, this nation had no foreign intelligence collection system worthy of the name. It appears to have been contrary to national policy to engage in clandestine intelligence or to maintain a foreign espionage system. Partly as a result of this lack of an adequate foreign intelligence system in peacetime, the majority of Army Officers who otherwise possessed the capability of top command did not sufficiently understand the techniques and methods of utilization of foreign intelligence.

During the course of the war, various uncoordinated efforts were made to compensate for this deficiency in our system of national defense. As might have been expected, most of these expedients were unsatisfactory. Much effective work in the specialized field of foreign espionage and counter-espionage was accomplished by G-2 and the Office of Strategic Services, but because of lack of direction, of coordination and of cooperation among all agencies, as well as for other reasons, even these organizations were unable to fill the great need that existed for complete intelligence coverage. However, it is not the purpose of this report

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to review in detail either the accomplishments, or lack of accomplishments, of the units engaged in the foreign intelligence field. It is sufficient to point out that there was generally a lack of harmony and cooperation, a state of overlapping functions and confusion and a failure to cover certain important fields, that in retrospect appear quite extraordinary. Throughout the war there existed, and to a large extent there still exists, a feeling of jealousy and mistrust among the various intelligence organizations of the Government, and between a surprising number of officers and civilians engaged in the various intelligence activities.

The lack of trained and experienced intelligence officers in both military services has been an important contributing factor to the unsatisfactory situation. It is important to note that there has never been any serious effort to make intelligence a career activity. Officers who were undoubtedly competent in the combat arms or services, but who had had no intelligence training, were from time to time pressed into service in intelligence roles. The natural tendency was for them to seek to return to their own basic branch at the first opportunity. Changes among the top personnel were frequent. During the war there were in succession four Assistant Chiefs of Staff, G-2, eight Assistant Chiefs of Air Staff-2 and five heads of the Office of Naval Intelligence.

The committee wishes to stress with all of the emphasis at its command the vital importance to this nation of the early correction of this entire situation. In the difficult years that lie ahead the United States must have a national intelligence organization, competent and alert to the extreme of possibility. It must be manned with an adequate number of permanent personnel of the highest caliber, thoroughly trained in the numerous specialties that are the necessary components of a modern intelligence system. This will require a totally different approach to the entire subject of intelligence than has been had in the United States up to the present. At this particular time the greatest pains must be taken not only to create an organization and system that will be adapted to future growth, but also to retain for the Government the services of the many capable individuals who are now available in various departments, and who, although not yet properly organized, have received invaluable training in the hard school of war-time experience. Haphazard demobilization of existing intelligence units will result in dangerous delay in reaching the objective.

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As indicated above, the following paragraphs of this report will deal only with the questions of the establishment of a central intelligence organization and the immediate disposition to be made of the Strategic Services Unit. The committee believes that extensive additional study should be given to the organization and consolidation of other intelligence functions of concern to the Military Services.

THE ESTABLISHMENT OF A CENTRAL INTELLIGENCE ORGANIZATION

The committee has unanimously reached the conclusion that this Government should establish as promptly as possible a National Intelligence Authority and a Central Intelligence Agency. The committee has considered a number of recommendations, received from various sources, as to the composition, functions and the location of such central organizations, including those contained in the report of the Director of the Office of Strategic Services and in the Joint Chiefs of Staff Study of September, 1945 (JCS 1181/J). The committee finds itself more nearly in agreement with the recommendations of the Joint Chiefs of Staff than with any of the other proposals that have been advanced. In setting forth below its own recommendations, it will therefore adopt in a substantial part the language of the Joint Chiefs of Staff memorandum, modified so as to accord with the committee's views in certain particulars.

The committee recommends the creation of a National Intelligence Authority composed of the Secretaries of State, War and Navy, and a Representative of the Joint Chiefs of Staff. When and if the National Defense Organization includes a Secretary or Under Secretary of Air, the Authority should be expanded by the addition of that individual. Provision should also be made for the addition of other members of the Authority upon the recommendation of the existing members, with the approval of the President.

The National Intelligence Authority should have complete authority to formulate policies which shall be binding upon the Central Intelligence Agency and all intelligence activities in other Government departments and agencies. The Authority should be charged with the responsibility for such overall and intelligence-planning and development, and such coordination of all federal intelligence activities, as to assure the most effective accomplishment of the intelligence mission related to the national security.

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There should also be created a Central Intelligence Agency headed by a Director who should be appointed or removed by the President on the recommendation of the National Intelligence Authority. The committee believes that in order to insure continuity the Director should be appointed for a long term of years, preferably not less than six. The Director of the Central Intelligence Agency should be responsible to the National Intelligence Authority and sit as a non-voting member thereof.

There should be created within the Central Intelligence Agency an Intelligence Board which should consist of the Assistant Chief of Staff, G-2, WDGS, the Assistant Chief of Air Staff-2 and the Director of Naval Intelligence and the Chiefs of the principal civilian intelligence agencies having functions related to the national security as determined by the National Intelligence Authority. The functions of this Board should be to assist the Director, who shall serve as its Chairman, in the carrying out of all of the activities and purposes of the Central Intelligence Agency and to facilitate coordination between the Central Intelligence Agency and the departments and agencies represented on the Board. The Director shall consult with and secure the opinion of the Board on all important questions which may arise in the course of the operations of the Central intelligence Agency. In the event of a difference of opinion between the Director and members of the Intelligence Board, the decision of the Director shall be controlling, subject, however, to the right of any member of the Board to have the question submitted for final decision to the National Intelligence Authority. The Director should also consult with the Board before delivering any estimates and appreciations to the President or any member of the Cabinet, and if there shall be a difference of opinion among the Director and the members of the Board, in any such case the differing opinions should accompany the Director's report.

Except for its responsibility to the National Intelligence Authority, the Central Intelligence Agency should be independent. It should be supported by an independent budget, and its appropriations should be obtainable without public hearings.

Subject to the direction and control of the National Intelligence Authority, the Central Intelligence Agency should:

- a. Operate as the sole collection agency for all departments of the Government in the foreign espionage and counter-espionage fields.

- b. Perform for the benefit of departmental intelligence agencies such other intelligence services of common concern as the National Intelligence Authority determines can be more efficiently accomplished by a common agency, including the direct procurement of intelligence.
- c. Coordinate the activities of all intelligence agencies of the Government whose activities relate to the national security and recommend to the National Intelligence Authority the establishment of such overall policies and objectives as will assure the most effective accomplishment of the national intelligence mission.
- d. Furnish to any Government department or agency, upon the request of its representative on the Intelligence Board, any intelligence material or evaluation, which, in the opinion of that member, is necessary for his department or agency, provided, however, that in the event that the Director believes it undesirable for any such material or evaluation to be so furnished, he may submit the matter to the Intelligence Board for decision or, in the event of disagreement within the Board, to the National Intelligence Authority.
- e. Accomplish the evaluation and synthesis of intelligence collected or assembled by it, and the appropriate dissemination within the Government and among the several departments of the resulting strategic and national policy intelligence.
- f. Perform such other functions and duties related to intelligence as the National Intelligence Authority may from time to time direct.

The Central Intelligence Agency should not conduct espionage activities within the United States. It should have no police or law enforcement functions either within or without the United States.

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Subject to coordination by the Central Intelligence Agency, and to the limitations expressed above, the existing agencies of the Government should continue to collect, evaluate, synthesize, and disseminate departmental intelligence, herein defined as that intelligence required by the several departments and independent agencies for the performance of their proper functions. Such departmental intelligence as is required by the Central Intelligence Agency should be made freely available to it for synthesis. When approved by the National Intelligence Authority, the operation of the departmental intelligence agencies should be open to inspection by the Central Intelligence Agency in connection with its coordinating functions. In the interpretation of this paragraph the National Intelligence Authority and the Central Intelligence Agency will be responsible for fully protecting intelligence sources and methods which, due to their nature, have a direct and highly important bearing on military operations and national security.

Operating personnel, including specialists, should be furnished to the Central Intelligence Agency by the various departments and agencies engaged in intelligence activities. The Director of the Central Intelligence Agency should have the right, with the approval of the Intelligence Board, to call upon any such departments and agencies to furnish the Agency with personnel for advisory and functional positions.

INTERIM DISPOSITION OF THE STRATEGIC SERVICES UNIT

At the present time the Strategic Services Unit is attached to the Office of the Assistant Secretary of War. The committee regards this as an unsatisfactory arrangement, because it seemingly establishes two separate intelligence units within the War Department. This objection is increased by the fact that at the present time G-2 is engaged in both foreign espionage and foreign counter-espionage matters, which activities constitute an important part of the present functions of the Strategic Services Unit.

The Committee has considered the advisability of transferring the Strategic Services Unit to G-2 and amalgamating its functions with similar activities of G-2. However, because of its conclusions that all foreign espionage and counter-espionage activities of the Government should be transferred to the Central Intelligence Agency as soon as possible after the establishment of that body, and in order to avoid further administrative complications, the committee believes that continuing the Strategic Services Unit under the supervision of the Office of the

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Assistant Secretary of War on a purely interim basis is justified. Accordingly the committee so recommends.

The committee believes that during this interim period it is important that two things be done. The first is the proper coordination of the operations of the Strategic Services Unit with similar operations of G-2. The second is the elimination from the Strategic Services Unit of all personnel engaged in activities other than foreign espionage and counter-espionage activities, and also the reduction of the personnel engaged in these two activities to a small and efficient group that will be of maximum value to the Central Intelligence Agency when that body is constituted.

In order to accomplish the foregoing, the committee recommends that there forthwith be appointed and placed in the War Department under the immediate supervision of the Assistant Secretary of War, an Interim Activities Director, who should be an officer of the rank of Major General, or higher. In consultation with the Assistant Chief of Staff, G-2 and the Director of the Strategic Services Unit, this Director should, during the interim period referred to above, have direct charge of the operation and administration of the Strategic Services Unit and should be responsible for coordinating its activities with similar activities of G-2. He shall also take whatever steps are necessary to reduce the personnel of the Strategic Services Unit in the manner indicated in the preceding paragraph, and effect the transfer of such personnel to the Central Intelligence Agency as soon as it is organized.

The committee is of the opinion that as soon as the Central Intelligence Agency is created, there should also be transferred to it appropriate personnel of G-2 now engaged in foreign espionage and counter-espionage activities. In order that this may be accomplished without delay, and in order to further coordinate such activities in the interim period with the similar activities of the Strategic Services Unit, the Interim Activities Director should make recommendations to the Secretary of War with respect to (a) the reduction of personnel controlled by G-2 who are engaged in foreign espionage and counter-espionage activities, and (b) the transfer of personnel in G-2 engaged in such activities to the direct control of the Interim Activities Director pending creation of the Central Intelligence Agency.

If such a program is successfully carried out, there will be assembled under the direct control of the Interim Activities Director all personnel controlled by the War Department who are engaged in foreign espionage and counter-espionage activities, whom it is desired to transfer to the Central Intelligence Agency, and it will be possible to coordinate their various activities until such time as their transfer to the Central Intelligence Agency can be effected. In the event that higher authority finally decides not to create a Central Intelligence Agency, the personnel so controlled by the Interim Activities Director should be then transferred to the direct control and administration of the Assistant Chief of Staff, G-2.

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Respectfully submitted,

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Assistant Secretary of War for Air
Chairman

H. A. CRAIG
Maj. General, OPD

E. R. QUESADA
Maj. General, AAF

W. G. WYMAN
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JOHN MAGRUDER
Brig. General, SSU

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REPORT OF THE LOVETT COMMITTEE

The committee took its duties very seriously and was ready with its preliminary report scarcely a week after it had first been convened. The fact that its reasoned conclusions could be unanimously presented in such a brief time is an indication of the degree to which the idea of a centralized intelligence service had gained acceptance.

A close comparison of the committee's recommendations with the final proposal of the Secretaries to the President and the Presidential directive establishing the NIA is well worth while. A major and very important difference appears where the committee recommends that the Central Intelligence Agency should be supported by an independent budget. The Secretaries recommended that funds should be drawn from the various departments, and this recommendation was implicitly carried out in the Presidential directive. This ~~rather~~^{otherwise} provision was the result of a compromise with a very different plan presented by Alfred McCormack, Special Assistant to the Secretary of State. His plan is included in this collection immediately following the report of the Lovett Committee.